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Spanish Premier Adolfo Suarez addressing National Council of the Movement. At left, Ignacio Garcia Lopez, the Movement's secretary-general.

## On Election of Senate

### Spain's Right Acts Against Reforms

From Wire Dispatches

MADRID, Oct. 8.—Government plans for reform today got a cool reception from influential rightists.

The 86-member ruling Council of the National Movement—the only political party allowed under the rule of the late Generalissimo Francisco Franco—voted to modify proposals for direct elections to both houses of parliament.

The vote of the National Movement is not legally binding, but the members of the council hold seats in the current 561-member Cortes, where the government reform package must win support of two-thirds of the deputies.

Premier Adolfo Suarez defend-

ed reformist plans before the council today and received scant applause.

The council voted for an indirectly selected senate of a new parliament so that it would include representatives of trade unions, provinces, municipalities and professional groups.

This would be a partial return to the "organic democracy" of Franco, rejected by Spain's opposition parties as unrepresentative.

Mr. Suarez, who has promised elections by next June, told the council today that Spain had to adapt its political institutions to modern society.

"Terrorism will not impede the

march of Spain nor break its values," Mr. Suarez said, responding to rightist allegations that he had encouraged leftist violence by relaxing Franco's rigid system.

The vote in the council to try to substantially water down the reforms demonstrated a mood of substantial rightist opposition to the Suarez plans for parliamentary democracy. The assassination this week of a high government official and his bodyguards hardened the anti-reform tendencies of many rightists.

Moderate Majority

Mr. Suarez said that government reforms were backed by the "immense majority of Spaniards who want moderation and not extremism."

He added, "At this moment of renewed hope for all Spaniards, the government will not permit the least repercussion from attacks by minority groups clearly opposed to the desires and interests of the people we serve."

The council also voted down broad powers envisaged by the government for King Juan Carlos to submit any political issue directly to the people through a referendum.

It voted that the King's decision to call a referendum should be approved by the rightist-packed Council of the Realm, which also approves his choice of premier.

Rightist politician Gonzalo Fernandez de la Mora, who proposed the changes, said that Spain's political system could be reformed without breaking completely with the past.

Balanced by Senate

He said that a directly elected lower house of a new parliament should be balanced by a senate representing cultural, economic and professional groups.

Meanwhile, in San Sebastian, in the Basque country, unidentified persons set fire to three buildings and a number of cars early today.

The first followed acts of vandalism by rightist extremists, who rampaged through the city smashing shop windows and threatening people with pistols Tuesday night after the funeral of the assassinated government official.

## New Swedish Premier Eases Pledge to Halt Nuclear Plants

STOCKHOLM, Oct. 8 (Reuters).—Sweden's new Premier, Thorbjörn Fälldin, today relaxed his stance on halting the spread of nuclear power.

Mr. Fälldin dropped an election campaign demand that a new nuclear power plant not be allowed to start operations next year. Disposal of atomic waste is a lively issue in Sweden.

In an apparent compromise with his Liberal and Conservative allies in the new government coalition, Mr. Fälldin today merely insisted that the power company show that satisfactory arrangements have been made to dispose of waste.

In a parliamentary address outlining the policies of his non-partisan government, Mr. Fälldin described the new government's nuclear policy as "much more than a broken promise—it is a betrayal."

Mr. Fälldin opposed nuclear power on the ground that atomic waste disposal and other safety problems had not yet been solved satisfactorily.

During the campaign, he called for the cancellation of plans to build the new Barsebäck nuclear reactor with atomic fuel next month and to begin regular operation in the middle of next year.

Today, Mr. Fälldin told parliament that the power company should hold them indefinitely without trial.

Socialist coalition government, which took office today, Mr. Fälldin clearly made the shift on the nuclear issue to satisfy his coalition partners, both of which support expansion of nuclear power.

The new Cabinet includes Sweden's first woman foreign minister, Mrs. Karin Söder, 48.

Mr. Fälldin turned his opposition to the former government's ambitious nuclear energy plans into an issue that helped bring an end to 44 years of Social Democratic rule in Sweden. But today, the Center party leader softened his line after two weeks of negotiations with the junior partners in the new coalition.

Former Premier Olof Palme, who now leads the opposition, described the new government's nuclear policy as "much more than a broken promise—it is a betrayal."

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## Ford, Campaigning in California, Rewords Remark on East Europe

LOS ANGELES, Oct. 8 (AP).—President Ford, trying to play down his debate remarks about Eastern Europe, acknowledged today that some people were suggesting "I wasn't as precise as I should have been" and then he spelled out "what I meant to say."

Mr. Ford's statement that "There is no Soviet domination of Eastern Europe" dogged the President for the second day after the debate. It came up during questions at a meeting with business and professional men in suburban San Fernando Valley.

One man said he was more concerned about the fate of Eastern Europe than southern Africa and asked if Secretary of State Henry Kissinger might be sent there to negotiate freedom for the countries in the area.

Ignoring the suggestion, Mr. Ford declared: "It has been alleged by some that I wasn't as precise as I should have been the other day."

He said that what he meant to say was that the United States does not recognize Soviet domination of Eastern Europe and never will.

Recalling his visit to Poland last year, Mr. Ford said he talked to many Poles and "they don't believe they are going to be forever dominated. If they are, by the Soviet Union."

He Regains Momentum

## Carter's Slump Seems Over After Strong Debate Showing

By R.W. Apple Jr.

NEW YORK, Oct. 8 (NYT).—The precipitous slide in Jimmy Carter's fortunes, which cost him nearly all of a lead that seemed insurmountable in July, appears to have ended.

Mr. Carter's strong showing in Wednesday night's second debate—a debate in which the initial polls, by a landslide and even some Republicans gave him the clear edge over President Ford—provided the capstone for a comeback that had been quietly building up for at least a week.

Basic changes in the former Georgia governor's approach on the stump, problems for Mr. Ford, improved Carter campaign organizations and other factors have come together to reverse the momentum of the campaign once again in Mr. Carter's favor.

Whether the pattern will hold through Nov. 3 is impossible to predict. In the view of experienced politicians, in a year when sudden shifts in direction have become commonplace, contrary to the usual pattern in past presidential campaigns.

But as the two contenders returned to the campaign trail in California yesterday, it was clear that the initiative had been seized once again by Mr. Carter, not only in the debate but also in the larger sense. The Democratic nominee, one of his advisers reported, thinks that "he's got the thing won now."

Strategy of Attack

For Mr. Ford, the bad news started with the first question of the debate and continued. Mr. Carter went on the attack from the outset, dropping his deferential demeanor, and immediately put the President on the defensive.

Then Mr. Ford said there was "no Soviet domination of Eastern Europe," a statement that produced a storm of protest from the ethnic Americans whom the President had hoped to lure away from the Democratic, Lev Dobriansky of the National Civic Nations Committee. In a typical comment, called the comment "preposterous" and "shocking."

The President's promise that the Commerce Department would declare the names of firms that had taken part in the Arab economic boycott against Israel produced further embarrassment. The department said that Mr. Ford had misquoted and that it would supply the names only in future boycott cases.

Finally, word came from the Labor Department that wholesale retail prices had leaped upward at an annual rate of more than 11 per cent, a warning of higher retail prices to come.

Thus, within a matter of a few hours, Mr. Ford damaged him-

## Geneva Chosen as Site

### Rhodesia Conference Will Open in 2 Weeks

By Bernard Weinraub

LONDON, Oct. 8 (NYT).—Foreign Secretary Anthony Crosland announced tonight that he will convene a conference in Geneva in two weeks in an effort to set up an interim government in Rhodesia that would lead to a peaceful transition to black majority rule.

Mr. Crosland said in a statement that the conference would assemble on Oct. 21, with a view to a formal opening on Oct. 22. The delegates to the conference are expected to include Prime Minister Ian Smith of Rhodesia and several black Rhodesian leaders.

The foreign secretary said he expected to make a further statement in Parliament next week, "when I hope to announce the names of those invited to attend the conference."

In Salisbury, Rhodesia, an official spokesman said tonight that Mr. Smith will lead his government's delegation to the conference.

[The spokesman said Mr. Smith would have "preferred a venue in Rhodesia as this is a Rhodesian issue, but agreed to Geneva in order to accommodate the views of the other parties involved."] Ivor Richard, Britain's ambassador to the United Nations, will serve as chairman of the conference, as already announced.

Break With Britain

Britain is deeply involved in a Rhodesian settlement, having been the colonial power in the nation since the 1890s. Rhodesia, under Mr. Smith, broke with Britain on Nov. 11, 1965, over the issue of black majority rule in the nation of 770,000 whites and 5 million blacks.

The brief statement, issued by the Foreign Office, followed nearly two weeks of talks in southern Africa between a British and U.S. envoy and African leaders in an attempt to resolve snags and questions that surfaced after Mr. Smith accepted a diplomatic package presented by Secretary of State Henry Kissinger.

The two envoys—Ted Rowlands, minister of state in the Foreign Office, the ranking job after foreign secretary, and William Schabas, U.S. assistant secretary of state for African affairs—met Mr. Crosland for 90 minutes this morning together with Mr. Richard.

The brevity of Mr. Crosland's statement tonight suggested that there were still consultations to take place—and some uncertainty about conference participants—before a meeting can be said to have much hope of success.

Message to Leaders

According to diplomatic sources, Mr. Crosland's statement is being sent to various African leaders and it is hoped that over the next few days there will be firm indications of who is expected to attend on the black Rhodesian side.

Black Rhodesian leaders such as Joshua Nkomo and Bishop Abel Muzorewa are expected to attend, but so far there has been no indication from a key figure, Robert Mugabe, a nationalist leader whose strength lies in his close links with the guerrillas.

Mr. Carter's advisers concede (Continued on Page 3, Col. 6)

based in neighboring Mozambique. British officials said that Mr. Crosland was leaving arrangements for the meeting "flexible," although the intention of the conference is to establish an interim, biracial government in Rhodesia to supervise transition to majority rule.

Mr. Crosland had hoped the conference would take place in southern Africa, but Geneva was finally selected because it is seen as neutral ground with good communications.

Even with the announcement of the conference, however, British and U.S. officials are uncertain about the details and scope of the meeting and are

worried about conflicting statements made by Mr. Smith and nationalist leaders.

Mr. Smith has said that his acceptance of the Kissinger package, negotiated in Pretoria by the secretary of state, the Rhodesian leader and Prime Minister John Vorster of South Africa, was conditional on the agreement by all concerned of all its points.

Mr. Crosland and African officials have said that the agreement announced by Mr. Smith was negotiable and not firm and fixed as the Rhodesian leader had indicated. Moreover, black Rhodesians and African presidents reject some of the details of the Kissinger proposals.



Conservative leader Margaret Thatcher at Brighton.

## Find Britain 'On Its Knees'

### Mrs. Thatcher Asks 'Crusade' To Sweep Out Labor Regime

BRIGHTON, England, Oct. 8 (Reuters).—Conservative party leader Margaret Thatcher today called for a national crusade to sweep away the Labor government, saying it had become "the big spender of Europe" and had almost bankrupted Britain.

Mrs. Thatcher clearly showed that she did not believe the Labor government could last much longer in the face of Britain's economic crisis.

Making the closing speech at the party's annual conference here, she said a Conservative government would undertake a program of massive cutbacks in state spending—excluding only the police, defense and services for the "really needy." This cutback in public spending, she said, would have to be maintained over several years.

"Economically Britain is on its knees," she told the 5,000 delegates. "If the present government have no stomach for the fight let them depart."

Many conservatives here think a general election is inevitable within six months. Mrs. Thatcher, seeming victory, told widely cheering delegates, "we may not be in opposition much longer."

She fiercely attacked the Labor government's handling of the economy as "disastrous" and said its current recourse to the International Monetary Fund for access to all its \$2.9 billion of remaining credit "may well be their last chance and ours."

"This time they are about to pledge the nation's credit to the hilt," she said, adding, "the land of hope and glory has become the land of beg and borrow."

The 50-year-old Conservative leader pinpointed the excess of state spending over revenues—which, she said, equaled £200 (£320) for every man, woman and child—allied with Socialist attacks on profits and dampening of initiative as the key to Britain's troubles.

Attacks on Callaghan

The speech climaxed a week in which Conservative leaders have made unbridled attack on the government; of Prime Minister James Callaghan, which yesterday raised the Bank of England's interest rate to an unprecedented 15 per cent in the face of deepening economic crisis.

The government squeeze program is also expected to hit consumers with increases in bank overdraft interest to at least 19 per cent, an increase in mortgage rates to a record 12 1/2 per cent, and increases in charges for credit on installment buying.

Mrs. Thatcher broadened her attack to include Socialism, asserting that it threatened the freedom of a once-great nation.

"The Labor party has now been taken over by extremists," she said. "They have at last crept out of the woodwork."

"The Labor party is now committed to a program that is frankly and unashamedly Marxist."

"I call the Conservative party now to a crusade," she declared. "I appeal also to all those men and women who do not want a Marxist future."

هكنا من الأهرام



## Syrians, Palestinians Agree To New Lebanon Peace Talks

BEIRUT, Oct. 8 (UPI).—An Arab League envoy announced today that Syria and the Palestinians have agreed to another attempt at peace talks as heavy fighting continued in the capital.

Syrian, Palestinian and Lebanese Army representatives will meet at Shaboura, on the other side of the Lebanon mountain range from Beirut, tomorrow morning for their first bargaining session under Arab League auspices since talks collapsed Sept. 19, league mediator Hassan Sabry of Khay said.

The Palestine Liberation Organization and the Lebanese Christians agreed yesterday to the meeting, which falls within the framework of a revived four-sided peace committee formed months ago to oversee a previous truce, Mr. Khay said that Syria consented today.

### Anticipated Offensive

The announcement was made as the PLO and its leftist Lebanese allies prepared for an anticipated Syrian offensive in south Lebanon. They charged that large numbers of Syrian troops were continuing to move toward Jezzine, 50 kilometers southeast of Beirut and 23 kilometers east of the leftist-held port of Sidon.

But diplomatic sources said that Syria's acceptance of the Shaboura talks was a sign that it does not, for the moment at least, intend to launch another offensive, despite the persistent claims of its Christian allies that it will.

Mr. Khay expressed hope that the Shaboura meeting would lead to another agreement on issues such as Palestinian withdrawal and the terms of a truce so close that it can be clinched at a meeting between Lebanese President Elias Sarkis, Syrian President Hafez al-Assad and Palestinian leader Yasser Arafat.

### War Continued

Meanwhile, the war continued in Beirut, where at least 31 persons were killed in exchanges of rocket, mortar and machine-gun fire over the last 24 hours.

Clashes also erupted in south Lebanon, near the Israeli border between Palestinian and leftist Lebanese Army troops on the one hand and Christian militiamen on the other. An army communiqué said that Christians shelled the leftist-controlled army barracks at the market town of Marjayoun, killing a soldier and wounding three.

### Fading French Prospects

PARIS, Oct. 8 (Reuters).—Prospects for a French-initiated peace conference between the warring parties in Lebanon appeared today to be fading.

A presidential spokesman said that President Valéry Giscard d'Estaing had not received replies to messages sent to three Middle East leaders on prospects for convening such a conference. But he said that the messages

## Virus Is Isolated But Unidentified

BRUSSELS, Oct. 8 (UPI).—Researchers have isolated the virus that caused an outbreak of a deadly disease in northern Zaire and the neighboring part of Sudan, a spokesman for the Antwerp Institute for Tropical Diseases said today.

He said the virus has not yet been identified but it is not Lassa fever type, a usually fatal African illness that resists known antibiotics.

Official Belgian sources said at least 150 persons, including a priest and three nuns—all Belgians—had died from the disease recently at the Yambuku missionary station north of Lisala. Others may have died in the bush, officials said.

A report from Nairobi said at least 50 persons died of a similar disease in the southern Sudan.

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## Autumn fashions in the large-size department

EVEN if you are over 6'3" tall or have a generous waistline, you will have no trouble dressing in style this autumn. The new Lanvin 2 collection in sizes up to 64 will solve your fashion problems.

This season the trend is toward comfortable suits in soft fabrics such as worsteds (from \$1850). The blazer, in mohair or serge, is as elegant as ever (from \$1050).

You will also find a complete collection of Lanvin 2 shirts in the large-size department (from \$190).



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## France to Pull 10,000 Out of W. Germany

### Political Significance Discounted by Paris

PARIS, Oct. 8 (UPI).—France is withdrawing 10,000 troops from West Germany to reinforce its home forces, the Defense Ministry said today.

But informed sources said that French officials have assured West Germany and other NATO members that there is no political significance in the withdrawal, and the assurances are reportedly being accepted as genuine.

The French armed forces command has been studying a general reorganization of the army into smaller, more mobile units with higher fire power, and the move may be related to a broader reorganization.

Defense Minister Yvon Bourges formally notified the West German government and briefed the National Assembly's Defense Commission on the move yesterday, officials said.

**50,000 Troops Left**

The pullout will reduce France's garrison in West Germany to 50,000 men. There were as many as 70,000 French troops in West Germany until a few years ago.

The United States has about 200,000 troops stationed in West Germany under NATO command. Britain maintains a force of 35,000 men, although the Western European Union treaty provides for a British Rhine Army of 50,000.

Since Gen. Charles de Gaulle pulled France out of the NATO integrated military command structure 10 years ago, the French troops have been stationed in West Germany under a bilateral military agreement between Paris and Bonn.

The French withdrawal has already begun with the pullout of three artillery regiments totaling 3,000 men. Two of these regiments are being equipped with 20-kiloton Pluton nuclear missiles and based on French soil near the Rhine.

## Newspaper Wins India Court Order To End Shutdown

NEW DELHI, Oct. 8 (AP).—The English-language Indian Express, one of India's last independent voices, won a court order yesterday freeing its presses from a government-ordered shutdown.

A two-judge Delhi High Court panel held the contention of India's largest newspaper group that Monday night's padlocking for alleged non-payment of property taxes was improper and ordered the seals and locks removed. Within an hour, the locks were removed.

The Express, which for months has been under pressure from Prime Minister Indira Gandhi's government, had claimed that the padlocking was part of a pattern of harassment aimed at forcing a shakeup of the newspaper's top editors.

Judges Prakash Narain and Prasad Rao did not address themselves to the allegation of harassment, but simply ordered that the presses be allowed to operate pending the outcome of future property-tax dispute.

**Opposition Figure Freed**  
NEW DELHI, Oct. 8 (UPI).—The government has freed a noted critic of Mrs. Gandhi who was arrested with thousands of other opposition leaders and workers when the national emergency was proclaimed 15 months ago, his wife said.

Pilot Mody, 50, leader of the Bharatiya Lok Dal, a coalition of three opposition parties, was released this week.

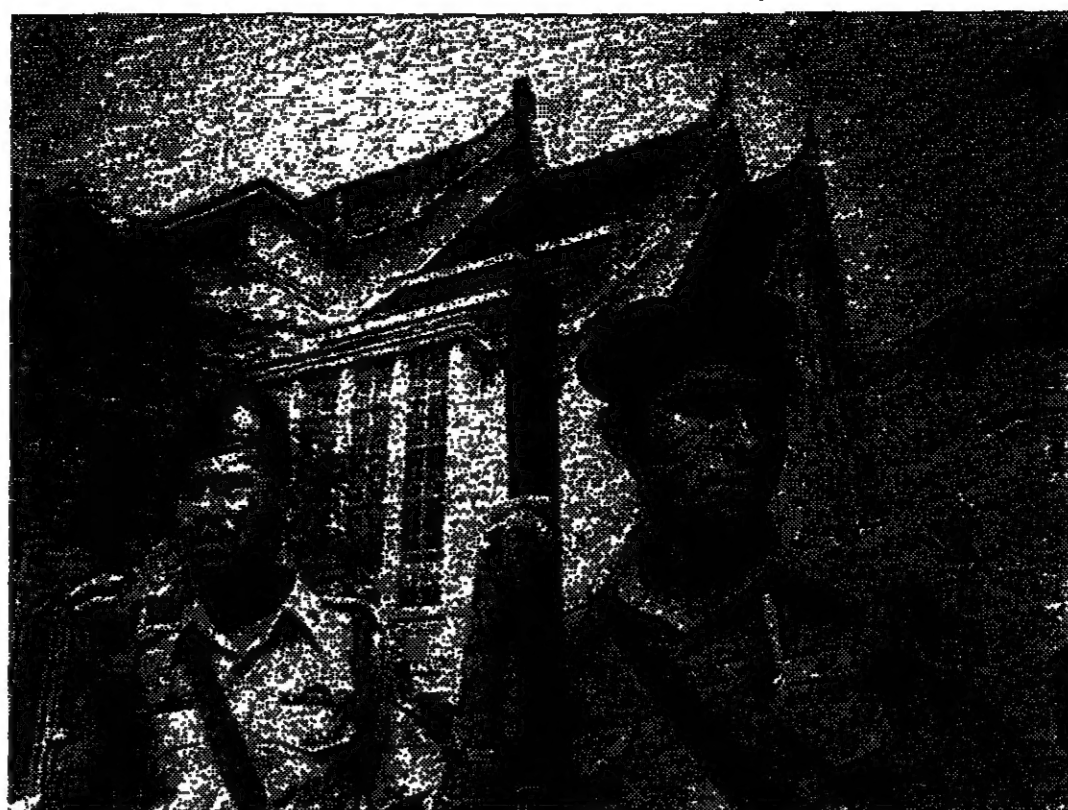
## Garbage Collectors End Strike in Ankara

ANKARA, Oct. 8 (AP).—About 3,000 sanitation workers have ended a three-week strike this week and began collecting garbage piled up on the streets.

The workers had walked off their jobs because the city had failed to pay their wages for the last two months. A union official said that payment of back wages began yesterday, after the municipality received a loan from a state bank.

## Polisario Battle Claim

ALGERIA, Oct. 8 (Reuters).—Polisario Front guerrillas blew up 18 Moroccan Army vehicles and killed or wounded 56 Moroccan troops in five ambushes and attacks in the Western Sahara and southern Morocco last week, the front said here.



ON GUARD—Armed Thai troops standing guard in front of battle-damaged Thammasat University in Bangkok Friday as the military junta named a new government.

## Thailand Names New Premier In a Move Toward Civil Rule

By David A. Andelman

BANGKOK, Oct. 8 (UPI).—King Bhumibol Adulyadej named a new Premier tonight, two days after a military coup swept Thailand's democratic government from power.

The leader of the junta, Adm. Sa-Ngud Chalor, told the nation in a broadcast that the new Premier would be a 48-year-old lawyer and Supreme Court Justice, Thanin Kraivichien.

Less than 12 hours earlier Mr. Thanin had been named to head a panel of otherwise obscure private citizens overseeing public health, education, justice and universities under the junta that calls itself the Administrative Reform Committee.

In his speech to the nation, Adm. Sa-Ngud said that Mr. Thanin would assume the reins of government within two weeks after a full cabinet has been appointed and the situation stabilized. At that time, he said, the military leadership plans to step aside.

**Plans Still Vague**

There was, however, no indication that the Administrative Reform Committee planned to dissolve itself at that time or whether the new Thanin government would serve merely as a civilian front taking its direction from the military junta.

In his first speech to the nation, Mr. Thanin listed five priorities for his administration—to fight the threat of Communism, eliminate government corruption, halt the mistreatment of the people by government officials, curb rural poverty and end attempts to change Thailand's constitutional monarchy.

"I can say with confidence," Mr. Thanin concluded, "that if you all join in getting rid of these threats, the country will survive. We may have democracy, but it must be step by step."

Clearly, the steps toward democracy were being taken more quickly than had at first been thought possible after the military seized power late Wednesday following bloody clashes between police and students at Thammasat University.

**Transition Period**

It is now expected that the new administrative organization, under which committees of civilian advisers will oversee ministries, will function only during the period of transition to the formation of the new cabinet.

The military has governed Thailand for most of the nation's history since the overthrow of the absolute monarchy in 1932. It was four years ago—in October, 1972—that the last military dictator, Thanin Kraivichien, was ousted in a bloody revolution led by students, and a year later a

## Tito Recovering, Belgrade Reports

BELGRADE, Oct. 8 (UPI).—Yugoslav said yesterday that President Tito, 84, was recovering from a liver ailment contracted last month.

"I can report with pleasure and satisfaction that President Tito is very successfully recuperating and recovering," the Foreign Ministry spokesman said.

The government announced Sept. 11 that President Tito had contracted the ailment but has refused to identify the illness precisely. Yugoslav and Western diplomatic sources said he has mild hepatitis.

civilian government was set up following national elections.

Two other civilian regimes were subsequently formed, but after the second of those was toppled Wednesday, many feared the return of an absolute dictatorship by the military.

Mr. Thanin was born April 27, 1927, and is married, with five children. He was educated at Thammasat University and obtained a law degree from Orlays Inn in London in 1953. The following year he joined the Thai Ministry of Justice. He has held legal positions in and out of the government since 1954.

## Swede Eases A-Plant Vow

(Continued from Page 1)

for in southern Sweden would merely have to prove by October of next year that it had made satisfactory arrangements for safe disposal of nuclear wastes.

Meeting newsmen later, he said: "Of course, I have been forced to make an extremely difficult choice on nuclear energy. But in the end, I found it wiser to go along with a line that, nonetheless, means an interruption of our march into a nuclear society."

Sweden has five nuclear power plants in operation. Last year the Social Democratic government enlisted Conservative help in pushing through parliament a program to build eight more reactors—including Barsebäck-2 by 1985, making Sweden one of the world's largest per capita producers of atomic power.

Today's government policy declaration included Mr. Pallin's campaign proposal to appoint a special commission to study the whole nuclear question and its safety ramifications while drawing up a plan on how to phase out Sweden's nuclear power stations if parliament decides to do so in a vote scheduled for 1978.

The new government will also appoint another commission to design a program of energy-saving measures.

Other points in Mr. Pallin's address included a pledge of more support for African nationalist liberation groups and of more Swedish economic aid to poorer nations.

## Swiss Spy Said Active Since 1962

BERN, Oct. 8 (UPI).—Brig. Gen. Jean-Louis Jeannenette, the former chief of air defense forces who has been arrested as a spy for the Soviet Union, has been supplying the Russian Embassy with secret information since 1962, Justice Minister Kurt Furgler told parliament yesterday.

Gen. Jeannenette, 66, retired at the end of 1975 after seven years as air defense commander. He was arrested Aug. 9 and is awaiting trial for treason.

Mr. Furgler said the suspect passed on secret documents concerning Switzerland's overall defense plans, mobilization plans for use in case of war and confidential reports on leading politicians and military officers. "The trial will show what motives led the general to treason," the minister said, adding that the penal code provides for a maximum sentence of 30 years' hard labor.

## Lisbon Moves to Cut Imports With Surcharge of Up to 60%

By Marvine Howe

LISBON, Oct. 8 (UPI).—Portugal announced today a 60-percent surcharge tax on luxury and superfluous goods in a move to reduce consumption and restrict imports.

This was part of a series of austerity measures taken to try to ease the huge deficit in the balance of payments. Other "more drastic measures" will follow, if necessary, to correct the imbalance.

"The country is spending abroad more than what it earns; this situation cannot continue," Antonio Sousa Gomes, minister of planning and economic coordination, said today at a news conference on the government's program.

The two-month-old Socialist government has warned repeatedly that Portugal was on the verge of bankruptcy but this was the first serious action to curb the foreign-currency drain.

Mr. Sousa Gomes said that the trade deficit for this year would stand between 22 billion and \$2.16 billion, which would be only partly covered by emigrants' remittances, leaving a \$1.15-billion deficit in the balance of payments.

**Living on Reserves**

The minister acknowledged that the country was living on its reserves. Sources say that Portugal now has \$1.90 billion of free reserves, which means it will face grave problems by the second trimester of next year if it situation is not corrected.

The first austerity package is a group of three decrees to be published in the Government Gazette tomorrow. The first raises the surcharge tax on imports of general consumer goods from 20 to 30 per cent. It also sets a 60-percent surcharge on imported goods considered superfluous or luxury or which can be found on the local market.

A list of these goods includes satellite (newspapers from Spain), candy, wines, tobacco, perfumes, furs, jewelry and other luxury articles.